

Business league; organization of business and professional women. A nonprofit organization formed as a membership organization of business and professional women that promotes the acceptance of women in business and the professions qualifies for exemption under section 501(c)(6) of the Code.

Advice has been requested whether the nonprofit organization described below qualifies for exemption from Federal income tax as a business league under section 501(c)(6) of the Internal Revenue Code of 1954.

The organization was formed as a membership organization of business and professional women to promote the acceptance of women in business and the professions.

The activities of the organization include sponsoring conventions, luncheons, and dinner meetings that are devoted to the discussion, review, and consideration of problems relating to career opportunities for women and various issues centering around attitudes towards women in business. Additionally, the organization awards scholarships to female students and presents a young-woman-of-the-month award.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest and to improve conditions in one or more lines of business.

Rev. Rul. 74-147, 1974-1 C.B. 136, and the decision in the case of Associated Industries of Cleveland, 7 T.C. 1449 (1946), acq., 1947-1 C.B. 1, hold that organizations dealing with common business interests and fulfilling the other requirements of section 501(c)(6) of the Code qualify for exemption under such section.

Here, the common business interest of the members is dealing with the unique problems that women in business have encountered that are not ordinarily encountered by their male counterparts. Thus, by sponsoring luncheons, dinner meetings, and conventions that are devoted to the discussion and consideration of problems affecting women in business and the professions, the organization is promoting a common business interest.

In addition to promoting the common business interest of its members, a business league exempt under section 501(c)(6) of the Code must also seek to improve conditions in one or more lines of

business. Prior Revenue Rulings have recognized that a business league which restricts its membership in an attempt to secure a competitive advantage for its members will not qualify for exemption. See, e.g., Rev. Rul. 73-411, 1973-2 C.B. 180, and Rev. Rul. 68-182, 1968-1 C.B. 263.

Although the organization in the instant case restricts its membership to women, its purpose is not limited to benefiting its members. Through its activities which promote the common business interest of its members, the organization also improves conditions in one or more lines of business as required by the regulations. To the extent that the organization achieves its goal of improving opportunities for and attitudes toward women, it improves conditions in each of the industries or lines of business from which its members are drawn.

Accordingly, the organization qualifies for exemption from Federal income tax under section 501(c)(6) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1024, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(6) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.